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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2011

Report of the Secretary-General

Summary

The present report provides information on the updated financial position of 23 closed peacekeeping missions as at 30 June 2011.

For the 18 missions with cash surpluses, the Secretary-General recommends the retention of the surplus cash in order to provide liquidity for the active peacekeeping missions in the light of the recent experience of cross-borrowing from the closed peacekeeping missions.

For the five missions with cash deficits, the Secretary-General proposes some options for the consideration of the General Assembly, in order to address the issue of outstanding dues to Member States, as requested by the Assembly in its resolution 65/293.

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I. Introduction

1. The present report provides updated information on the financial position of the following closed peacekeeping missions for which final performance reports have already been issued: Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA); United Nations Mission in the Central African Republic (MINURCA); United Nations Operation in Burundi (ONUB); United Nations Observer Group in Central America (ONUCA) and United Nations Observer Mission in El Salvador (ONUSAL); United Nations Operation in Mozambique (ONUMOZ); United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL); United Nations Angola Verification Mission (UNAVEM) and United Nations Observer Mission in Angola (MONUA); United Nations Iran-Iraq Military Observer Group (UNIIMOG); United Nations Iraq-Kuwait Observation Mission (UNIKOM); United Nations Mission in Bosnia and Herzegovina (UNMIBH); United Nations Mission in Haiti (UNMIH); United Nations Military Liaison Team in Cambodia (UNMLT); United Nations Mission of Observers in Tajikistan (UNMOT); United Nations Observer Mission in Liberia (UNOMIL); United Nations Observer Mission Uganda-Rwanda (UNOMUR) and United Nations Assistance Mission for Rwanda (UNAMIR); United Nations Operation in Somalia (UNOSOM); United Nations Peace Forces (UNPF); United Nations Preventive Deployment Force (UNPREDEP); United Nations Support Mission in Haiti (UNSMIH); United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH); United Nations Transitional Authority in Cambodia (UNTAC); United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group; United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISET); and United Nations Transition Assistance Group (UNTAG).

2. By its resolution 65/293 on closed peacekeeping missions, the General Assembly decided to return $70,600 to the Government of Kuwait and requested the Secretary-General to return 78.01 per cent of the $230,745,000 net cash available for credit to Member States as at 30 June 2010, in the amount of $180 million, based on the scale applicable to each mission's last assessment. Accordingly, credit returns to Member States of $180,070,600 were recorded as at 30 June 2011. Annex I to the present report contains the status of unpaid assessments, accounts payable to Member States and other liabilities of the closed peacekeeping missions as at 30 June 2011.

3. Following the credit returns, the net cash available for return to Member States, in 18 of the 23 peacekeeping missions covered in the present report, decreased to $27,562,000 as at 30 June 2011, as set out in table 1 and explained more fully in table 2.

Table 1

Consolidated net cash position of ONUB, ONUCA/ONUSAL, ONUMOZ, UNAMSIL/UNOMSIL, UNAVEM/MONUA, UNIIMOG, UNIKOM, UNMIBH, UNMIH, UNMLT, UNMOT, UNOMIL, UNOMUR/UNAMIR, UNPF, UNPREDEP, UNTAES/Civilian Police Support Group, UNTAET/UNMISET and UNTAG as at 30 June 2011

(Thousands of United States dollars)

Description	*Amount*
Cash assets	284 029
Less: other liabilities	256 467
Net cash available for credit to Member States as at 30 June 2011	**27 562**

Table 2

Net cash available for credit to Member States as at 30 June 2011

(Thousands of United States dollars)

Description	*Amount*
Net cash available for credit to Member States as at 30 June 2010	230 745
Return to Member States as per resolution 65/293, paras. 5 and 6	(180 071)
Balance of net cash available	**50 674**
Increase in cash loaned to active missions as at 30 June 2011, compared to 30 June 2010[a]	(29 500)
Interest income earned from 1 July 2010 to 30 June 2011	6 396
Other income and prior-period adjustments	(8)
Net cash available to Member States as at 30 June 2011	**27 562**

[a] Cash loaned to active missions as at 30 June 2010: $12,000,000; cash loaned to active missions as at 30 June 2011: $41,500,000.

4. The composition of the net cash balance of $27,562,000 is broken down by mission in table 3.

Table 3

Closed peacekeeping missions with net cash balances as at 30 June 2011

(Thousands of United States dollars)

Mission	*Amount*
ONUB	541
ONUCA/ONUSAL	98
ONUMOZ	15
UNAMSIL/UNOMSIL	578
UNAVEM/MONUA	9 189
UNIIMOG	89
UNIKOM	62

Mission	*Amount*
UNMIBH	366
UNMIH	9 901
UNMLT	4
UNMOT	66
UNOMIL	101
UNOMUR/UNAMIR	9 901
UNPF	(4 265)
UNPREDEP	246
UNTAES/Civilian Police Support Group	273
UNTAET/UNMISET	156
UNTAG	241
Total	**27 562**

5. The amount of $27,562,000 shown in tables 1 to 3 does not take into account $10,816,000 owed by two closed peacekeeping missions ($7,366,000 by UNSMIH/UNTMIH/MIPONUH and $3,450,000 by MINURCA) and another $41,500,000 owed by two active peacekeeping missions, including $20,500,000 by the United Nations Mission for the Referendum in Western Sahara (MINURSO) and $21,000,000 by the United Nations Interim Administration Mission in Kosovo (UNMIK), which remained unpaid as at 30 June 2011. As at 18 January 2012, the outstanding loans owed by active peacekeeping missions totalled $35,000,000, including $8,000,000 by MINURSO, $5,000,000 by the United Nations Peacekeeping Force in Cyprus (UNFICYP) and $22,000,000 by UNMIK.

6. Five of the peacekeeping missions covered in the present report had cash deficits totalling $86,814,000 as at 30 June 2011, owing to outstanding payments of assessed contributions, as shown in table 4.

Table 4

Consolidated net cash position of the MINUGUA Military Observer Group, MINURCA, UNOSOM, UNPF, UNSMIH/UNTMIH/MIPONUH and UNTAC as at 30 June 2011

(Thousands of United States dollars)

Category	*Amount*
Cash assets	386
Less: liabilities	87 200
Operating deficit as at 30 June 2011	**(86 814)**

7. The liabilities included loans amounting to $23,636,000 owed to closed peacekeeping missions ($10,816,000) and to the Peacekeeping Reserve Fund ($12,820,000). The operating deficit of $86,814,000 is broken down by mission in table 5.

Table 5
Closed peacekeeping missions with cash deficits as at 30 June 2011
(Thousands of United States dollars)

Mission	*Amount*
MINUGUA Military Observer Group	(125)
MINURCA	(23 823)
UNOSOM	(15 453)
UNSMIH/UNTMIH/MIPONUH	(7 279)
UNTAC	(40 134)
Total	**(86 814)**

II. Cash requirements of the Organization

8. As a result of the inherent unpredictability of receipts of assessed contributions, liquidity in peacekeeping missions is volatile, with cash surpluses of closed missions remaining the only source for alleviating the cash shortages for active peacekeeping operations. In accordance with financing resolutions of the General Assembly, notifications are issued to Member States for their assessed contributions to active peacekeeping missions up to the end of the mandate period for each mission as authorized by the Security Council. Experience has shown that there is a significant time lag, often ranging from about 60 to 120 days, between the issuance of notifications to Member States and the receipt of assessed contributions. Pending the payment of assessed contributions, any cash shortfalls for active missions have to be met by loans from closed peacekeeping missions.

9. As a result of outstanding assessments in the special accounts of some active missions, there has been a continuing need to borrow from closed missions. Cross-borrowing was required in the 2009/10 financial period for three active operations, namely, MINURSO, the United Nations Integrated Mission in Timor-Leste (UNMIT) and the United Nations Observer Mission in Georgia (UNOMIG) for a total of $30 million. Cross-borrowing increased to $88.9 million in the 2010/11 financial period for four active operations, namely, MINURSO, UNFICYP, UNMIK and the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). Cross-borrowing of $76.5 million from the accounts of closed peacekeeping operations has been required so far during the 2011/12 financial period for six active missions, namely, MINURSO, UNMIK, UNMIT, UNFICYP, the United Nations Operation in Côte d'Ivoire (UNOCI) and the United Nations Support Office for the African Union Mission in Somalia (UNSOA). Furthermore, the amount required for cross-borrowing by active missions peaked at $93 million in September 2011, compared to a peak of $47.5 million during the 2010/11 financial period. The volume of borrowings, settlements and the peak levels of borrowings are reflected in annex II from July 2008 to January 2012, and in annex III from July 2007 to January 2012.

10. In the light of the reduced net cash balance available for return to Member States as at 30 June 2011, compared to 30 June 2010, and the recent experience of an increase in the peak level of borrowing, it is proposed that the net cash balance of

$27.6 million available in 18 closed missions as at 30 June 2011 be retained. This net cash balance, combined with the $41.5 million borrowed by active missions as at 30 June 2011, could provide $69.1 million of cross-borrowing capacity to manage cash shortfalls in active peacekeeping operations.

III. Outstanding dues to Member States in cash deficit missions

11. In its resolution 65/293, the General Assembly requested the Secretary-General to submit, for its consideration and approval, concrete proposals and alternatives to address the issue of outstanding dues to Member States from closed peacekeeping missions that are in net cash deficit. As at 30 June 2011, $63.125 million was owed to troop- and police-contributing countries in closed missions with cash deficit. A summary of the outstanding claims is contained in annex IV.

12. The ideal approach for the resolution of the outstanding claims would be for Member States that are in arrears in their payments to closed peacekeeping missions to pay those contributions expeditiously, as called for in resolution 65/293. As requested by the General Assembly in the same resolution, a few alternatives are also proposed below for its consideration.

13. As at 30 June 2011, the unencumbered balance and other income in the special account for the African Union-United Nations Hybrid Operation in Darfur (UNAMID) amounted to $335.5 million. A portion of the available balance could be utilized as a loan to the closed missions with cash deficits in order to settle the $63.1 million owed to troop- and police-contributing countries. This would, however, preclude the credit of $63.1 million to all the Member States against the 2012/13 assessments relating to this special account.

14. In a variation of the option presented in paragraph 13 above, a portion of the available balance in the special account for UNAMID could be transferred permanently to the closed missions with cash deficits in order to settle the $63.1 million owed to troop- and police-contributing countries. This would also preclude the credit of $63.1 million to all the Member States against their 2012/13 assessments relating to this special account. In this option, the closed missions would not owe any funds to UNAMID.

IV. Actions to be taken by the General Assembly

15. **The actions to be taken by the General Assembly are:**

(a) **To take note of the present report;**

(b) **To approve the retention of the net cash balance of $27.6 million available in 18 closed peacekeeping missions in the light of the experience regarding cash requirements of the Organization during the 2010/11 and 2011/12 financial periods;**

(c) **To consider the proposed options for the settlement of the outstanding dues to Member States in closed peacekeeping missions with cash deficits.**

Annex I

Unpaid assessments, accounts payable to Member States and other liabilities of closed peacekeeping missions as at 30 June 2011

(Thousands of United States dollars)

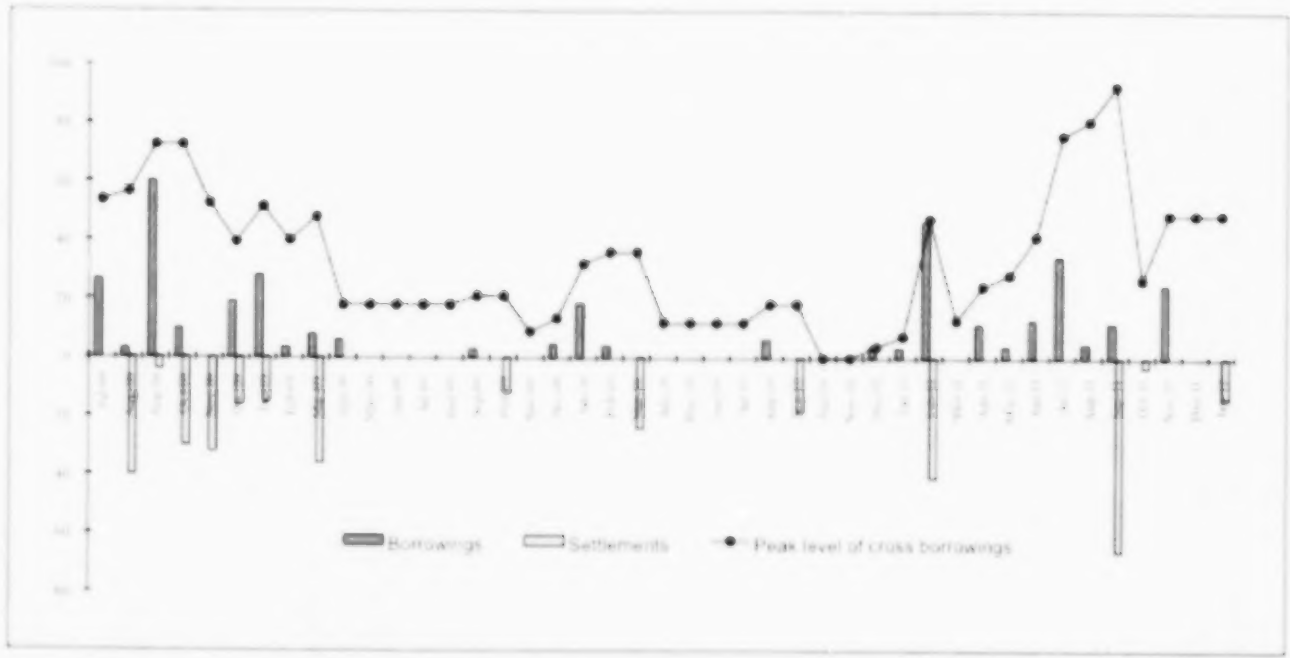
Mission	*Unpaid assessments*	*Accounts payable to Member States*[a]	*Other liabilities*
MINUGUA Military Observer Group	145		125
MINURCA	35 546	7 480	16 386
ONUB	811	3 314	986
ONUCA/ONUSAL	317	3 958	
ONUMOZ	16 713	928	
UNAMSIL/UNOMSIL	758	16 832	42
UNAVEM/MONUA	34 913	16 394	
UNIIMOG	16	5 201	
UNIKOM	526	3 218	19
UNMIBH	33 968	16 359	
UNMIH	24	43 373	
UNMLT		172	
UNMOT	1	3 220	
UNOMIL	6	5 185	1
UNOMUR/UNAMIR	1 339	17 664	
UNOSOM	57 842	15 560	24
UNPF	142 199	77 141	
UNPREDEP	1 238	14 009	
UNSMIH/UNTMIH/MIPONUH	19 394	114	7 366
UNTAC	40 484	40 145	
UNTAES/Civilian Police Support Group	8 734	15 204	
UNTAET/UNMISET	28 828	7 136	32
UNTAG	20	6 079	
Total	**423 822**	**318 686**	**24 981**

[a] Exclusive of amounts owed to troop-contributing countries for contingent-owned equipment, as well as credits to Member States from unencumbered balances pending instructions on their disposition.

Annex II

Borrowings by active missions from closed peacekeeping missions, July 2008 to 19 January 2012

(Millions of United States dollars)



Annex III

Borrowings, settlements and peak levels of cross-borrowings by active missions from closed missions for the period from 1 July 2007 to 18 January 2012

(Millions of United States dollars)

Month/year	Borrowings	Settlements	Balance	Peak level	Month/year	Borrowings	Settlements	Balance	Peak level	Month/year	Borrowings	Settlements	Balance	Peak level
July 2007	—	—	5.5	5.5	July 2009	—	—	18.0	18.0	July 2011	34.5	—	76.0	76.0
August 2007	9.0	—	14.5	14.5	August 2009	—	—	18.0	18.0	August 2011	5.0	—	81.0	81.0
September 2007	—	—	14.5	14.5	September 2009	3.0	—	21.0	21.0	September 2011	12.0	(66.0)	27.0	93.0
October 2007	14.5	—	29.0	29.0	October 2009	—	(12.0)	9.0	21.0	October 2011	—	(3.0)	24.0	27.0
November 2007	10.0	(20.0)	19.0	39.0	November 2009	—	—	9.0	9.0	November 2011	25.0	—	49.0	49.0
December 2007	9.0	(3.0)	25.0	25.0	December 2009	4.5	—	13.5	13.5	December 2011	—	—	49.0	49.0
January 2008	—	(11.5)	13.5	25.0	January 2010	18.5	—	32.0	32.0	January 2012	—	(14.0)	35.0	49.0
February 2008	—	—	13.5	13.5	February 2010	4.0	—	36.0	36.0					
March 2008	6.0	(8.0)	11.5	19.5	March 2010	—	(24.0)	12.0	36.0					
April 2008	—	(1.0)	10.5	11.5	April 2010	—	—	12.0	12.0					
May 2008	10.5	—	21.0	21.0	May 2010	—	—	12.0	12.0					
June 2008	13.0	(7.0)	27.0	34.0	June 2010	—	—	12.0	12.0					
July 2008	26.5	—	53.5	53.5	July 2010	—	—	12.0	12.0					
August 2008	3.0	(40.0)	16.5	56.5	August 2010	6.4	—	18.4	18.4					
September 2008	60.0	(4.0)	72.5	72.5	September 2010	—	(18.4)	—	18.4					
October 2008	10.0	(30.0)	52.5	72.5	October 2010	—	—	—	—					
November 2008	—	(32.0)	20.5	52.5	November 2010	—	—	—	—					
December 2008	19.0	(16.0)	23.5	39.5	December 2010	4.0	—	4.0	4.0					
January 2009	28.0	(15.0)	36.5	51.5	January 2011	3.5	—	7.5	7.5					
February 2009	3.5	—	40.0	40.0	February 2011	46.5	(41.0)	13.0	47.5					
March 2009	8.0	(36.0)	12.0	48.0	March 2011	—	—	13.0	13.0					
April 2009	6.0	—	18.0	18.0	April 2011	11.5	—	24.5	24.5					
May 2009	—	—	18.0	18.0	May 2011	4.0	—	28.5	28.5					
June 2009	—	—	18.0	18.0	June 2011	13.0	—	41.5	41.5					

Annex IV

Outstanding claims in closed missions with cash deficits as at 30 June 2011

(Thousands of United States dollars)

	Contingent-owned equipment	*Letters of assist*	*Total*
MINURCA	7 476.6	3.3	7 479.9
UNOSOM	12 453.0	3 037.3	15 490.3
UNSMIH/UNTMIH/MIPONUH		114.2	114.2
UNTAC	21 954.5	18 086.2	40 040.7
Total	**41 884.1**	**21 241.0**	**63 125.1**